

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
 KRISTIN K. MAYES

In the matter of:)	Docket No. S-03598A-05-0000
)	
ARKAD INVESTMENT SERVICES, INC.)	
dba Arkad Investment Services)	DECISION NO. <u>68099</u>
13236 North 7 th Street, Suite No. 4288)	
Phoenix, AZ 85022)	
)	ORDER OF DENIAL
Respondent.)	

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12 On June 15, 2005, the Securities Division (“Division”) of the Arizona Corporation

13 Commission (“Commission”) filed a Notice of Opportunity (“Notice”) to Arkad Investment

14 Services, Inc. dba Arkad Investment Services (“Respondent”) alleging that Arkad has engaged in

15 acts, practices and transactions that constitute grounds to deny its application for investment adviser

16 licensure under the Investment Management Act (“IM Act”).

17 On June 16, 2005, the Notice was served on RESPONDENT by serving David Medansky,

18 President. Service was also made by certified mail, return receipt requested. The Notice specified

19 that Respondent would be afforded an opportunity for an administrative hearing regarding this

20 matter upon filing a written request with Docket Control of the Commission within ten days of

21 receipt of the Notice. RESPONDENT failed to request a hearing within the required time.

22 **I.**

23 **FACTS**

24 1. RESPONDENT failed to request a hearing or to answer the Notice within the

25 required time.

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2. At all relevant times, David Medansky was the President of RESPONDENT.

3. ARKAD INVESTMENT SERVICES, INC. is an Arizona corporation, incorporated August 30, 2004, whose business address is 13236 North 7th Street, Suite No. 4288, Phoenix, AZ 85022

4. On or about September 30, 2004, the Division received notice through the Investment Advisory Registration Depository system (IARD) that RESPONDENT sought licensure in Arizona as an investment adviser. The IARD is a central information depository maintained by the National Association of Securities Dealers that is used by state and federal securities regulators for the registration and licensing of investment advisers.

5. In its application for licensure as an investment adviser, RESPONDENT disclosed a Maricopa County Grand Jury indictment against David Medansky, President of RESPONDENT, for seven (7) felony counts of identity theft, forgery, and theft.

6. On October 20, 2004, the Division advised RESPONDENT in writing of deficiencies in its application for licensure. In the written notification of deficiencies, the Division also requested court documents relating to the indictment against David Medansky.

7. On November 26, 2004, the Division received notification through the IARD system that RESPONDENT had requested to be registered with the Securities and Exchange Commission ("SEC") as a federal investment adviser.

8. On January 3, 2005, the Division received notification through the IARD system that RESPONDENT was registered with the SEC as a federal investment adviser.

9. On February 23, 2005, before the Maricopa County Superior Court, David Medansky pled guilty to taking the identity of another, *a class 4 felony*, and to theft, *a class 3 felony*.

10. On May 16, 2005, RESPONDENT withdrew its investment adviser registration with the Securities and Exchange Commission.

11. On May 20, 2005, David Medansky was sentenced by the Maricopa County Superior Court on his felony convictions to five months in jail followed by four years of supervised probation for each felony, served concurrently.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the IM Act.

2. As an officer, David Medansky's conduct is grounds to deny RESPONDENT'S application as an investment adviser with the Commission pursuant to A.R.S. §44-3201(C).

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, the Commission finds that the following action is appropriate, in the public interest, and necessary for the protection of investors:

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1 IT IS ORDERED, pursuant to A.R.S. § 44-3201, that RESPONDENT'S application as an
2 investment adviser is denied.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

5
6 /s/ Jeffrey M. Hatch-Miller

7 CHAIRMAN

/s/ William Mundell

COMMISSIONER

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10 /s/ Marc Spitzer

COMMISSIONER

/s/ Lowell S. Gleason

COMMISSIONER

/s/ Kristin Mayes

COMMISSIONER

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12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
13 Executive Director of the Arizona Corporation
14 Commission, have hereunto set my hand and caused the
15 official seal of the Commission to be affixed at the
16 Capitol, in the City of Phoenix, this 25th day of
17 August, 2005.

18 /s/ Brian C. McNeil

BRIAN C. McNEIL

Executive Director

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20
21 DISSENT

22
23 DISSENT

24 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant
25 to the Executive Director, voice phone number 602-542-3931, E-mail lhogan@azcc.gov

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